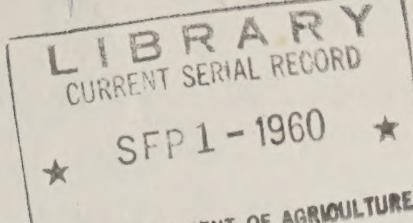


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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

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AMS

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Recent reports bring into clearer focus the prospects for production of livestock and livestock products in 1960.

AMS' annual inventory showed higher numbers of all classes of meat animals on January 1 than a year earlier. Number of cattle jumped 4.9 million to a record $101\frac{1}{2}$ million...number of sheep rose 2% to 33.6 million, highest in 12 years...inventory of hogs topped January 1, 1959 by 3%, and was largest since 1952.

Cattle inventory is up for second consecutive year. Two year gain added 8.2 million head...brought total 5% above previous peak of 1956. Increase was a little more rapid than in first 2 years of past 3 cycles. All classes of cattle and calves kept mainly for beef were up 6 to 9%. Cattle and calves kept for milk rose 1%.

Slaughter of cattle has crept above a year earlier...probably will continue higher through 1960. Sharp increase is unlikely, as buildup in herds will continue. Marketings of fed cattle will be liberal the next few months since 9% more cattle were on feed January 1 than a year earlier...prices are likely to hold close to current levels.

Increased number of hogs on hand January 1 resulted from big pig crops of 1959. Not much seasonal rise in prices is likely until marketings of last year's pigs have been largely completed...probably about mid-spring.

Reduction in 1960 spring pig crop will cut marketings later in 1960. Farmers reported in early December that they planned to have 12% fewer sows farrow spring pigs than last year. Most of the spring pigs will be sold in the last half of this year, and prices then are likely to run above 1959 levels.

Sheep numbers have risen slowly last 3 years. While January 1 number was highest since 1948, it is far below most earlier years. Seven percent fewer sheep and lambs were on feed for market January 1 than a year earlier. Prices of fed animals probably will increase seasonally this winter and remain above a year earlier.

Prospects indicate only a small increase in meat production in 1960. Gain probably will be less than increase in population, so a slight drop in consumption per person is expected. Use of pork is likely to be down nearly 4 pounds from last year's 68 pound rate. Consumption of beef and veal per person probably will be up a couple of pounds from the $81\frac{1}{2}$ pounds of 1959. Not much change is in sight for lamb and mutton.

Number of milk cows aged two years or more continued to decline in 1959, reaching lowest level since 1917. But decline from 1958 amounted to less than

1%, considerably less than in other recent years. Also, number of dairy replacement stock was a record in relation to number of cows.

With milk production per cow likely to continue its uptrend, an increase in milk production may occur this year. Support prices will be the same as in last two years.

Record turkey crop will be produced this year if farmers' carry out their early January plans for a 6 percent increase. The intended increase over last year's big crop results largely from sharp rise in turkey prices in late 1959. Until summer, turkey prices are likely to hold near current levels because of smaller storage holdings than a year ago and seasonally reduced marketings of live birds.

Farmers will raise fewer egg-type chickens this year than last, if they carry out plans reported in early February. The intended cut of 9% would result in the smallest number of chickens raised on record. Laying flock is now smaller than a year earlier and is likely to continue so through 1960. Year's egg production also is likely to be down, though less than number of layers because of increased productivity per hen. Situation points to improved egg prices over last year's low levels.

Broiler growers placed more chicks in January, and probably February, than last year. This indicates a moderate increase in marketings beginning about mid-March. Broiler output can be raised or lowered quickly in response to price changes, but year's total probably will be up some from 1959.

Total number of grain consuming animal units on farms in the 1959-60 feeding year is about same as in 1958-59. They are being fed liberally and disappearance of feed grains and other concentrates per animal in October-December 1959, was a little above the high rate of the last quarter of 1958. Feed grain prices are a little lower than a year earlier and probably will continue so through first half of this year.

Increase in feed grain carryover is likely despite heavy feeding expected this year. Stocks next October 1 probably will total around 80 million tons, a fifth larger than last October 1.

FARM INCOME. First estimate of income per person of farm people in 1959 is \$960, down 8% from 1958 but higher than in any other year since 1952. This figure includes income from both farm and nonfarm sources.

Income from nonfarm sources last year was up about 6%, reflecting the general economic recovery. Net income realized by farm operators was down from \$13.1 billion in 1958 to \$11 billion in 1959, about the same as the 1957 figure. Cash receipts from farm marketings fell 2 percent from 1958 as a 4% reduction in average prices received more than offset a 2% increase in the volume of marketings. Government payments to farmers were off a third, mostly because of the termination of the acreage reserve program of the Soil Bank. On the other hand, production expenses rose 3% to a new record.